

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE ON HOUSE AMENDMENTS TO SENATE BILL 330

Call to Order: By **CHAIRMAN COREY STAPLETON**, on April 16, 2003 at 4:00 P.M., in Room 317A Capitol.

ROLL CALL

Members Present:

Sen. Corey Stapleton, Chairman (R)
Rep. Daniel Fuchs (R)
Sen. Royal Johnson (R)
Sen. Jeff Mangan (D)

Members Excused: Rep. Rod Bitney, Chairman (R)
Rep. Brennan Ryan (D)

Members Absent: None.

Staff Present: Mary Vandembosch, Legislative Services
Fredella D. Haab, Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 330, 3/15/2003

CHAIRMAN COREY STAPLETON, SD 10, BILLINGS, opened the meeting on SB 330.

SEN. JEFF MANGAN, SD 23, GREAT FALLS, stated the intent of the bill was for the PSC in some fashion to take into account the economic development benefits. They had a discussion in the Senate to ensure that looking at statewide benefits and not local benefits and the Senate amendments showed that. When it got to the House they thought they would be looking at those same issues and they put on two amendments in the House both of which he basically supported. The first one, which was the easiest one, was on the second page, line 1 and 2, "the consideration of economic benefits is secondary to the consideration of the costs and benefits to the consumer and other criteria established by law."

The second amendment which is the amendment that apparently raised some issues in the Senate, the Majority Leader was concerned about the economic productivity and efficiency outcomes associated with them. The amendment struck "benefits of A." He thought if they could clarify that language he believed it would make it more clear to the Senate what the intent of the legislature was. It was an idea and he appreciated what **Commissioner Greg Jergeson**, who was in attendance today, was attempting to look at this issue. The PSC was all over the board on this bill. He thought two are for, two are against, and one was in the middle. He didn't necessarily have any problems with it but when you do look at it, he supposed somebody could, like the Majority Leader said, be confused by the language. Perhaps, one of the issues had always been, to insure that the consumer, the rate in sense is priority. You see that in the second amendment and also see it in the second part of **Commissioner Jergeson's** amendment, where he suggested some language that kind of combines the Senate Amendment and the amendment the House put on. Take a look on line 26 after the comma, "take into account the statewide economic benefits that are associated with the electricity supply procurement for the default supply stakeholders. The default supply stakeholders include a default supplier, customers of the default supplier and the public. They had the second amendment that would remain in the bill. **REP. BILL WILSON, HD 46, GREAT FALLS**, makes it crystal clear that the consideration of those economical benefits was secondary to the benefits of the consumer and other criteria. My intent for the bill originally was just to get into the statute that we would like the PSC to take into account economic benefits. Their concern was that they had to worry about the rate to the consumer. He thought this did that now.

CHAIRMAN STAPLETON said what he just read you put back at least line 26-30 back to the way it was.

SEN. MANGAN said he added the statewide economic benefits. He struck economic productivity and efficiency outcomes and then included the latter part of the **Jergeson's** amendment that included default supply stakeholders. Then again with the second amendment from the House, it more than clarifies that it was secondary to the consumer and the rate payer.

Mary Vandenbosch, Legislative Services, asked **SEN. MANGAN** when he first started talking about this, he was talking about the economic development benefits and the bill said economic benefits. She just brought that up because they are kind of different. Economic benefits might include lower costs.

CHAIRMAN STAPLETON said it should read "the commission shall in reviewing the procurement take into account the statewide economic benefits that are associated with the electricity supply procurement for the default supply stakeholders," and keep the second house amendment on page 2.

Commissioner Jergeson didn't have any particular problem with these economic benefits. He tried to use an economic productivity and efficiency outcome because apparently he could understand if it was an economic development that was a red flag for the other members of the commission. Personally he was not stuck with that but on the other hand, they used the word "statewide" when they were talking about a default supplier who had the defined territory and defined set of customers and you are looking at economic benefits to customers outside those served by the default supplier and are so served by coops or the merchant suppliers that's their subjection to the use of "statewide." It may accomplish the same things if they just use economic benefits rather than using statewide and avoiding that particular red flag. If you have net benefits for statewide but offset the balance of the cost of the default supplier customers, it should be kept within the realm of both the geography and the customer served by the default supplier.

SEN. ROYAL JOHNSON, SD 5, BILLINGS, asked if this didn't supply what the commission was trying to do in reviewing procurement of electric supply. You buy the electric supply from any place, not necessarily in the State of Montana, but it seemed to him if that benefit would certainly benefit the customers in that region but it might benefit the customers in the whole state because that was a lesser cost of electricity. He didn't understand on how using "statewide" makes that situation any better or worse than it was.

SEN. MANGAN said he understood and it was a discussion point in both the House and the Senate. He thought if they just went and took in account the economic benefits that are associated, he thought it implied "statewide" or we can put in "statewide" he didn't really see a difference either way.

SEN. JOHNSON said the difference he saw were economic benefits said certain things; statewide economic benefits cover the whole state. It said that was what we were trying to do.

REP. DANIEL FUCHS, HD 15, BILLINGS, stated it also removed that issue of local versus state. He thought it should be kept statewide.

SEN. STAPLETON said they would consider what we talked about as the amendment.

Motion/Vote: **SEN. MANGAN** moved **HIS AMENDMENT** . **Motion carried unanimously.** **REP. RYAN VOTED YES BY PROXY.**

MOVED TO ADOPT THE COMMITTEE REPORT.

ADJOURNMENT

Adjournment: 4:20 P.M.

SEN. COREY STAPLETON, Chairman

Fredella D. Haab, Secretary

RB/CS/FH

EXHIBIT (ccs00sb0330aad)